

Living power

For all who have made a living and now wish to make a life

Executive Committee Adopt Legislative Goals

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IN THIS ISSUE:

The Association's Executive Committee met on February 26 and adopted Legislative Goals for the upcoming Session of the General Assembly that begins on May 13. These goals were developed by the Association's Legislative Committee in January and are summarized below.

Cost-Of-Living Adjustments (COLAs)

The Association will seek COLAs for all governmental retirees that, at a minimum, meet the rate of inflation (4.1%) for the most recent year. The December, 2006 actuarial reports for the retirement systems indicated that none of the systems had sufficient gains to cover a 4.1% increase without supplemental funding. The specifics for each of the systems follow.

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM (TSERS)

TSERS has only enough unrestricted gains to cover a 1.2% COLA. The Association will seek additional appropriations from the General Assembly to provide a 4.1% COLA or an increase equal to the raise given to active state employees, whichever is higher. This increase would

require an additional \$98 million in General Fund appropriations.

The Association also continues to support the long range goals of increasing the state employer contribution rate to 6% of payroll and increasing the TSERS retirement accrual factor to match the local government accrual rate of 1.85%.

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM (LGERS)

The local system has sufficient gains to fund only a 2.1% COLA in 2008. The Association will request that the normal employer contribution rate for the LGERS be increased from the current 4.8% of payroll to 5.1% in order to fund a full 4.1% COLA. The local government rate has not been increased since 1996. The proposed increase would cost a total of approximately \$18 million spread among more than 600 local government units.

CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

The judicial retirement fund has sufficient accumulated gains to fund a 3.6% COLA in 2008. The Association will seek a 4.1% COLA, requiring additional state appropriations of approximately \$3.5 million.

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NCRGEA News & Views

Spring district meetings are around the corner. Mark your calendars now and plan to attend if we are going to be in your area. On **Tuesday, May 13** members in **Mecklenburg County** will be invited to attend a meeting in Charlotte. **Cleveland and Gaston** county members will convene on **Wednesday, May 14** in Gastonia. And on **Thursday, May 15**, Concord will host members from **Cabarrus, Stanly and Union** counties.

Invitations to these meetings will be mailed in a few weeks. Remember, we only come to your area every three years to host these free luncheon meetings.

If you live in areas of South Carolina that are close to one of these meetings and would like to attend, please call our toll-free telephone number, 1-800-356-1190, and we will send you an invitation.

Lifetime Dues an easy option

Ever wish that you could pay your annual dues just once and be done with it? You can! Lifetime dues are available for our members. Over 1,935 of our members have chosen the lifetime option. Lifetime members receive the same benefits as those who pay regular, yearly dues.

Check the age range on the chart below and send us a check or money order for that amount. In a few weeks, we will mail

you a laminated lifetime membership card.

Age	Amount
50 - 54	\$250
55 - 59	225
60 - 64	200
65 - 69	175
70 - 74	140
75 - 79	110
80 - 84	75
85 - 89	45
90+ member	Free

If you decide to become a lifetime member, just write "Lifetime Membership" in the memo section of the check. If you have paid your dues in the last two months and would like to get a lifetime membership, you may deduct the amount you've already sent from your range and send a second check. You may also select this option if you are on pension deduction. We will discontinue your pension deduction if you have a lifetime membership.

Have you moved recently?

Remember if you have moved recently, we need your correct address to be able to mail you our newsletter and other information. Call us at 1-800-356-1190 or email kathy@ncrgea.com to send us your current information. You will also need to notify the North Carolina Retirement System at 919-733-4191 or 877-733-4191 or via email ncretirement@nctreasurer.com.

Living Power is published to provide current information for NCRGEA's membership. Newsletters are printed bimonthly and mailed to all members of NCRGEA. Your comments are welcome.

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Members Share Views on the Association

Members of the Association received a survey questionnaire as an insert in the January-February edition of *Living Power*. The survey sought feedback from our members on a range of topics, including the following: reasons for joining the Association, evaluation of current activities and services, identification of possible additional Association services, membership in other retiree organizations, and use of electronic communications.

The response to the survey was overwhelming. As of March 10th, more than 5,000 members had completed and returned the questionnaire. Many of the responses included extensive comments on the current services of the Association and on future directions for our organization. This article provides a summary of the 3,900 responses that had been processed at the time this issue of *Living Power* went to press.

Who Responded – A Look at the Demographics

Members were asked to indicate age group, sex, and career background in the first section of the questionnaire. We wanted to determine whether the members who responded were demographically representative of our general membership and if there were any significant differences in the responses of the members based on these variables.

The demographics of the survey respondents closely matched the

Association's general membership. Women were slightly under-represented among the survey respondents, with 57.9% of the members who indicated their gender being female. Women account for approximately 61% of the Association's general membership.

The members who responded to the survey also tracked the general membership in terms of age and career background. Only one age group (81 years of age and older) was significantly under-represented among the survey respondents. This age group constitutes 21% of the membership but accounted for only 11.6% of the respondents. In comparison, 38% of the survey responses came from members in the 60 to 70 year-old age group which represents slightly more than 33% of the general members.

Currently, 69% of the Association's members are retired teachers and state employees, 27% are local government retirees, and the remainder draw pensions from the Judicial, Legislative, or National Guard retirement systems. Generally, the survey responses reflected this distribution, with 67% of the responses coming from retired teachers and state employees, 27% from local retirees, and 6% from the other groups.

Age, sex, and career background appear to have very little influence on the reasons members joined the Association, how members perceive the current services of the Association or their opinions regarding future activities of the organization.

Reasons For Joining the Association

It is evident that our members understand and value the core mission of the Association. An overwhelming majority of the survey responses identified advocacy of member benefits and access to information on changes in laws affecting retirees as the primary reasons for joining the Association.

The most important reason given by respondents for joining the Association was to have an organization representing their interests before the General Assembly. This was a “very important” or “important” consideration for 98% of the respondents. Access to information through the organization also was listed as “very important” or “important” reason for joining by 92% of our members.

Access to group discounts and benefits was an important, but not a compelling reason, for membership. Roughly 64% of

the responses indicated that group benefits (discounts, insurance, etc.) were a major factor in the decision to join.

Only 36% saw contact and interaction with other retirees (Community) as a compelling reason to become a member. However, a significant number of respondents said in written comments that a sense of shared interests was an important factor in their decision to join the Association.

Assessment of Association Services and Benefits

Member feedback on current Association services and benefits provide a several important insights. First, many members indicated that they had not accessed some of the current services or were unfamiliar with them. Second, there appears to be a high level of satisfaction among the survey respondents regarding a number of the Association’s core services and activities.

Member Assessment

Service/Benefit	Good/Very Good	Fair/Needs Improvement
Lobbying/Advocacy	95.6 %	4.4%
Info on General Assembly	94.3%	5.7%
Living Power - Frequency	91.4%	8.6%
Living Power - Content	91.3%	8.7%
AD&D Insurance	81.5%	18.5%
Info Hot Line	81.1%	19.9%
Web Site – Access	74.6%	25.4%
Dental Insurance	72.2%	27.8%
NC Vision Care	70.3%	29.7%
District Meetings - Content	68.7%	31.3%
HearPO Discount	66.1%	33.9%
Web Site - Content	63.8%	36.2%
SECU Seminars	63.3%	36.7%
Electronic Leg. Reports	61.6%	38.4%
District Meetings - Frequency	60.1%	39.9%

However, the data also indicate several areas where improvement is needed. A summary of responses is presented below, arrayed from services with the highest to lowest ratings. The count of members expressing “No Opinion” is excluded in the following summary. We asked members who were unfamiliar with specific functions or services to indicate a “No Opinion” response.

Potential Future Association Services

Section IV of the survey asked our members to evaluate several potential services and activities that the Association might offer to members. Following is summary showing the combined percentage of respondent who rated each service area as “very important” or “important”.

Service/Activity	Important/Very Important
Member Lobbying	72.7%
Optional Group Insurance	68.5%
Additional Discount Programs	67.8%
Annual Membership Meeting	55.8%
Job/Volunteer Postings	48.1%
More Frequent Dist. Meetings	41.8%

Nearly 75% of the members who responded to the survey felt that the Association should increase the involvement of the general membership in lobbying the General Assembly. This suggests the need to provide timely information on key legislative issues and training for members on effective techniques for “grassroots” lobbying. As one member of the Association’s Strategic Planning Committee observed: “Our members appear to be very pleased

with what the Association is doing for them. Perhaps what we need to change is the way we perform these services and how we involve our members.”.

The low rating given to “More Frequent District Meetings” appears contradictory to the earlier assessment of current services where nearly 40% of respondents indicated that current district meeting frequency was fair or needed improvement. Here, again, our members seem to be saying that Association services are well received, but the way these are provided may need to be revamped.

Electronic Access

The numbers of our members who indicated that they have access to a computer and who regularly use the Internet came as a surprise. Nearly 32% of the respondents have regular internet access and 70% of these members use the internet at least once per week.

This level of response suggests that the Association should address both opportunities and challenges to use current technology to inform and involve members. Following are two highlights from Section VI of the survey.

Members with Computers at Home

Yes	70.9%
No	29.1%

Frequency of Use

Daily	60.5%
1 –3 per Week	22.7%
1 –3 per Month	3.8%
Occasional	13.0%

(Continued on page 11)

The Importance of Medicare Part B for North Carolina State Health Plan Members

By Chris Evans, Director of Network Operations and Strategic Planning, NC State Health Plan

As State Health Plan members approach age 65, it is important to understand how Medicare Part B coordinates with the State Health Plan.

Medicare Part A, provided at no charge when the member becomes eligible for Medicare, pays inpatient hospital bills and skilled nursing facility bills.

Medicare Part B is optional and in 2008 costs approximately \$100 per month for most people. Medicare Part B pays outpatient hospital, doctor, and other professional bills.

Often, State Health Plan members are unsure whether it is necessary to enroll in Part B coverage. With over 4000 Medicare primary State Health Plan members not enrolled in Medicare Part B, there appears to be confusion regarding the importance of purchasing Part B to provide full coverage. This article strives to resolve that confusion.

When a State Health Plan member remains actively employed and is eligible for Medicare, the State Health Plan is the primary payer and Medicare is secondary for both the subscriber and dependents*. This means that **as long as the Medicare-eligible member is actively employed (in a position that qualifies for employer health benefits), it is not necessary to**

enroll in the optional Medicare Part B coverage. The State Health Plan will pay both outpatient hospital and doctor bills as the primary health insurance.

However, if and when the State Health Plan member retires and is eligible for Medicare, the State Health Plan becomes secondary for both the retiree and any dependents who are also Medicare-eligible. This means that **for all retired STATE HEALTH PLAN members 65 and older, Medicare becomes the primary health insurance. Therefore, electing Medicare Part B coverage becomes necessary.**

If a member is covered under the State Health Plan and is eligible for Medicare Part B, **the member's benefits under the State Health Plan will be paid as if the member is enrolled for coverage under Medicare Part B, regardless of whether the member actually enrolled for such coverage.** If the retired member chooses not to enroll in Medicare Part B, he or she will be responsible for all charges that Medicare Part B would cover. After the claim is reduced by those charges, the State Health Plan would pay as secondary insurance, which would be subject to the terms and conditions of the State Health Plan. This includes the benefit period deductible, coinsurance, copayment and certification requirements.

For members who rely on State Health Plan coverage post-retirement, it is essential to purchase Medicare Part B in order to have full coverage. **You can learn more about Medicare by seeing the "Medicare and You 2008" document at the following link: www.medicare.gov/**

Library/PDFNavigation/PDFInterim.asp?Language=English&Type=Pub&PubID=10050.

If you have further questions about Medicare, please call the NC Seniors' Health Insurance Information Program (SHIIP) at 1-800-445-9354. For detailed information regarding your State Health Plan coverage, current Indemnity plan** members may call customer service at 1-800-422-4658 and NC SmartChoiceSM Blue OptionsSM PPO plan members may call 1-888-234-2416.

**For a complete list of exclusions, please see the benefit plan book available at: www.shpnc.org/pdf/PPO_Standard_Benefits_Book.pdf.*

***Please note: The Indemnity plan will no longer be available as of July 1, 2008.*

SHIIP Encourages Beneficiaries to Take Advantage of Preventive Services

Medicare can do more for you than simply help you cover the costs of doctor and hospital bills — Medicare's preventive benefits keep you one step ahead of serious illnesses or chronic conditions such as diabetes, heart disease and cancer.

Whether you get a flu vaccine, are screened for diabetes or other illnesses or just want help quitting smoking, Medicare's preventive services are covered no matter what kind of Medicare health plan you have. Preventive services can catch health problems early when treatment works best and can keep you

from getting certain diseases or illnesses. Preventive services include exams, lab tests, screenings, shots, monitoring, and information to help you take care of your own health. Specifically, Medicare covers the following preventative services: flu and pneumonia shots, cardiovascular screenings, colorectal cancer screenings, "Welcome to Medicare" physical exam, diabetes screening, diabetes self-management training, medical nutritional therapy services, bone mass measurement, Hepatitis B shots, glaucoma test, smoking cessation, mammograms, Pap tests and pelvic exams, prostate cancer screenings and other cancer screenings.

The amount you pay for these services varies depending on the type of health plan. For example, the fees for preventive services will be different if you have Part B under Original Medicare versus if you have a Medicare Advantage plan. If you don't know how much a preventative service will cost you, it's best to check with your plan before making an appointment.

If you have questions about Medicare's preventative services, contact SHIIP at 1-800-546-5664 to speak with a trained counselor or order a free brochure. You can also track your use of preventive benefits by signing on to www.MyMedicare.gov. Or download the "Guide to Medicare's Preventive Services" at the following Web site: http://gingrey.house.gov/UploadedFiles/Medicare_services.pdf.

Information for this article was provided by SHIIP.

Important State Health Plan Updates – March 2008

Annual Enrollment

Across the state, it's time for annual enrollment for health care benefits. This year you have three high quality PPO options from which to choose, as the Indemnity plan will no longer be available as of July 1, 2008. Annual Enrollment runs March 1st to March 28th for the State Retirement System. If you need further information about annual enrollment, call customer service at 1-888-234-2416 or visit the State Health Plan website.

Executive Administrator Corner

As part of the State Health Plan's outreach initiative, the website now features the "Executive Administrator's Corner" to encourage and support an ongoing dialogue with members about the topics they find most important. In the first edition, George C. Stokes, executive administrator of the NC State Health Plan, focuses on annual enrollment and members transitioning to one of the three PPO plans, as the Indemnity plan will no longer be available as of July 1, 2008. The site also includes a recent interview about the State Health Plan on State Government Radio.

Please visit the website, www.shpnc.org, and preview the Executive Administrator's Corner. It is yet another avenue for providing timely information to the more than 645,000 members served. Regular updates will be announced on the Home Page.

Allergy Prior Authorization Program
Beginning April 1, 2008, all members, 6 years old and up, with a prescription for non-sedating antihistamines (NSA), as well as prescriptions for Singulair for allergies, will be required to use an over-the-counter (OTC) non-sedating antihistamine [Claritin® or Alavert® (loratadine) or Zyrtec® (cetirizine)] prior to approval of the prescription product.

State Health Plan Appoints Medical Director

The North Carolina State Health Plan is pleased to announce the appointment of Bruce E. Norman, MD, as its medical director and executive team member, effective February 11, 2008.

State Health Plan Executive Administrator Named to NCIOM Board of Directors

George C. Stokes, executive administrator of the North Carolina State Health Plan, was appointed to the North Carolina Institute of Medicine's (NCIOM) board of directors on Monday, January 7, 2008.

2008 Preferred Drug List

The 2008 Preferred Drug List (PDL) is now available. Members are encouraged to take a copy of the Preferred Drug List to every doctor visit to save money when the doctor may prescribe lower-cost generics. To review a copy of the Preferred Drug List, see the Pharmacy page on the State Health Plan's Web site: www.shpnc.org.

For more information about State Health Plan programs, news and updates, be sure to visit www.shpnc.org.

Status of the North Carolina Retirement System

The State Treasurer's office routinely provides detailed information to the general public on the status of the North Carolina Retirement System. The retirement fund is managed for the benefit of all active and retired state, local governmental, judicial, university, community college and public school employees.

From time-to-time we will publish an overview of these quarterly reports to keep our NCRGEA members up to date on the strength and well being of the Retirement Fund. You have probably seen recent news reports that the North Carolina pension fund is ranked number two among public employer pension systems in the United States.

Following are some details on the size, investment, allocations and performance of the North Carolina Fund:

Size and Growth of Pension Fund over past Five Years

Year	Fund Size	Annual Increase
2002	\$54.3 billion	--
2003	\$56.9 billion	\$2.6 billion
2004	\$61.8 billion	\$4.9 billion
2005	\$65.8 billion	\$4.0 billion
2006	\$73.0 billion	\$7.2 billion
2007	\$77.1 billion	\$4.1 billion

Asset Allocation as of December 31, 2007 (Total Fund)

Equity (stocks)	53.25%
Fixed Income (bonds)	38.02%
Real Estate	5.02%
Alternatives	3.71%

Allocation within Equity

Large Capital	51.6%
Mid Capital	9.0%
Small Capital	6.4%
International	33.0%

Allocation within Fixed Income (Type)

Government	39.8%
Corporate	35.1%
Mortgage	24.9%
Cash Account	0.2%

Allocation within Fixed Income (Term)

Long Term	91.5%
Short Term	6.8%
Timber	1.7%

Investment Returns as of December 31, 2007

Investment Type	1-Year	2-Year	5-Year
Fixed Income (bonds, etc.)	7.48%	5.00%	5.04%
Equity (stocks)	8.08%	10.86%	15.62%
Real Estate	14.45%	18.84%	13.91%
Alternatives	13.26%	11.16%	9.29%
Total Fund	8.33%	8.91%	11.14%
Assumed Return in Actuarial Calculations	7.25%	7.25%	7.25%

It is important to note that total fund earnings over the past five years have exceeded the target return rate that is assumed in the actuarial calculations for the system. This performance in managing the fund is an important contributor to the high national ranking of the North Carolina Pension Fund. *- Leigh H. Hammond, former NCRGEA Executive Director*

Accidental Death and Dismemberment Insurance Reminder

One of the things we noticed in tallying the member surveys (see page 3), was some confusion with our members in regards to the Accidental Death and Dismemberment policy that all current NCRGEA members currently have.

As a benefit of membership, all dues-paid members of NCR-GEA are automatically covered by a \$10,000 Accidental Death and Dismemberment benefit.

Some members confuse this plan with the Contributory Death Benefit offered by the North Carolina Retirement System. The AD&D plan is a completely separate plan which covers only accidental death and dismemberment. You do not pay additionally for this plan; it is one of your benefits in the NCRGEA.

In addition to a benefit of \$10,000 for the accidental loss of life, a benefit of \$10,000 is paid for the accidental loss of two members (hands, feet or eyes) . One-half of this amount is paid for the loss of one member. Accidental loss of a thumb and index finger on the same hand is covered at 25%.

The dismemberment benefit is paid to the Association member and the death benefit will be paid to the member's surviving spouse or estate, if no spouse, upon verification of membership and claim. Written claim notice must be received by the Association within **365** days after accident. To report a claim for an accidental

dismemberment, call the Association's Office at 1-800-356-1190 and we will mail you a claim form.

This coverage is based upon injury or death from accidental force and not from disease or natural causes. There are some other exclusions which are included in the policy such as suicide, war, or physical or mental illness.

This is a blanket plan which covers all of our members. Therefore, we do not keep beneficiary's names on file.

NCRGEA's staff suggests that you make a copy of the back of your membership card or this article and place the copy with your other insurance information, or important papers, so that those who are taking care of your personal business will know that you have this coverage.

The Association staff will be happy to answer any questions about the accidental death and dismemberment benefit.

A Big “Thank You”

We owe all of you who took the time to respond to our recent member opinion survey our sincere thanks. The level of response was well beyond our most optimistic estimates. The percentage of members responding to a mass survey of this kind usually falls in the 1% to 3% range. We expected to receive between 1,000 and 1,500 replies. Thus far more than 5,000 members have sent in completed questionnaires and we still are receiving replies. Stated in terms of percentages, nearly ten percent of our 54,000 members responded.

Many members went the extra mile to provide us with detailed written comments on the issues covered in the questionnaire. These additional comments generally focused on constructive suggestions on ways our Association can better serve and involve both our current members and the many “Baby Boomers” who now are reaching retirement age. We still are reviewing the extensive feedback that we received from members across the state.

The member opinion survey was developed by our Strategic Planning Committee. Association President Leroy Henderson appointed this committee in August, 2007 to assess current mission, services and benefits of our Association and to suggest necessary changes that would be implemented during the next several years. It was important for us to gather information about the views of our current members on these issues. The direct survey proved to be a very effective

way of obtaining this information.

Our Board of Directors conducted a retreat in Raleigh on February 26 and 27 to review the survey feedback and to assess the Association’s strengths, weaknesses, opportunities, and challenges. The retreat produced a series of long range goals and objectives that will form the basis of our strategic plan. (See article on page 3 on what we have learned to date from our members’ responses to the survey.)

The May-June issue of *Living Power* will include more detailed information about the Board retreat and a preview of the strategic plan that will be presented to the Board in June. Again, we appreciate the strong support that we have received from our members in the course of the strategic planning process. - Ed Regan

Members Share Views (from page 5)

The Next Steps

The Strategic Planning Committee will finalize and present a preliminary action plan to the Board of Directors in June. In the interim, the committee has directed the staff to explore the needs of both current retirees who have not joined the Association and of current employees who are nearing retirement. What are the interests of these two groups in terms of a membership organization? What services do they value? What would motivate them to join an organization such as the Association? The challenge for the Association will be to recruit these new members while maintaining the services, standards, and values that have made the organization attractive to our current membership.

Legislative Goals *(from page 1)*

STATE HEALTH PLAN

The Executive Administrator of the State Health Plan is expected to recommend a change in the plan year from the current July 1 to June 30 cycle to a calendar year cycle. The Association will support this change because it will ease the coordination of benefits between the State Health Plan and Medicare.

TREASURER'S INVESTMENT AUTHORITY

The Association will continue to oppose any legislation that proposes the removal of investment management authority for the state retirement systems from the current single fiduciary (State Treasurer) and the placement of this authority with either the Board of Trustees or another appointed committee.

Important Phone Numbers to Remember

NCRGEA	1-800-356-1190
MetLife Dental	1-888-466-9073
NC Retirement System	1-877-733-4191
CIGNA (Medicare Administrator)	1-800-633-4227
Seniors' Health Insurance Information Program ..	1-800-443-9354
Medical Review of North Carolina	1-800-722-0468
NC State Health Plan	1-919-881-2300
Blue Cross/Blue Shield	1-800-422-4658
(State Health Plan Administrator)	
Social Security Administration	1-800-772-1213
State Employees' Credit Union	1-888-732-8562
Local Government Federal Credit Union	1-888-732-8562